

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : CRIMINAL NO. 05-_____

v. : DATE FILED: _____

KEO LUONG : VIOLATIONS: 26 U.S.C. § 7206(1)
(False Tax Returns-
2 Counts)

INFORMATION

COUNT ONE

(26 U.S.C. § 7206(1))

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Defendant Keo Luong was President and owner of Jade Fashion Corporation, ("Jade") a garment sewing business that was located at 1017 Race Street in Philadelphia, Pennsylvania.
2. Defendant Keo Luong through the operations of Jade provided services as a sewing sub-contractor to large clothing manufacturers in the Philadelphia area and elsewhere, and received payments for these services, often in the form of checks.
3. Defendant Keo Luong used a check cashing agency in New York City to cash certain checks from Jade customers totaling approximately \$591,563 for calendar years 2002 and 2003. These cash receipts were not deposited into the corporate bank accounts of Jade and were not otherwise recorded on the books and records of Jade as business receipts.

4. Defendant Keo Luong used cash funds to make wage payments "under the table" to employees of Jade primarily for overtime labor, totaling approximately \$591,563 for years 2002 and 2003. This resulted in unpaid federal withholding and payroll taxes due and owing, which totaled approximately \$58,218 for 2002 and \$49,943 for 2003.

5. On or about March 17, 2003, in the Eastern District of Pennsylvania, defendant,

KEO LUONG,

a resident of Philadelphia, Pennsylvania, did willfully make and subscribe a U. S. Income Tax Return for an S Corporation, Form 1120S , for Jade Fashion Corporation for the calendar year 2002, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, on or about March 24, 2003, which return defendant Keo Luong did not believe to be true and correct as to every material matter in that the return reported gross receipts/sales in the amount of \$858,235 (Line 1a), and labor costs/wages in the total amount of \$342,974 (Schedule A, line 3; incorporated in Line 2), when, in fact, as defendant Keo Luong well knew, Jade Fashion Corporation had gross receipts/sales in addition to that stated, and labor cost/wages in addition to that stated.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWO

(26 U.S.C. § 7206(1))

THE UNITED STATES ATTORNEY CHARGES THAT:

1. Paragraphs 1-4 of Count One are alleged as if fully stated.
2. On or about April 2, 2004, in the Eastern District of Pennsylvania, defendant

KEO LUONG,

a resident of Philadelphia, Pennsylvania, willfully made and subscribed a U. S. Income Tax Return for an S Corporation, , Form 1120S, for Jade Fashion Corporation for the calendar year 2003, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service on or about April 12, 2004, which return defendant Keo Luong did not believe to be true and correct as to every material matter in that the return reported gross receipts/sales in the amount of \$1,049,494 (Line 1a), and labor costs/wages in the total amount of \$660,309 (Schedule A, line 3; incorporated in Line 2), when, in fact, as defendant Keo Luong well knew, Jade Fashion Corporation had gross receipts/sales in addition to that stated, and labor costs/wages in addition to that stated.

In violation of Title 26, United States Code, Section 7206(1).

PATRICK L. MEEHAN
United States Attorney
Eastern District of Pennsylvania

